

APPENDIX III

Economic Support Funds

Objective 1: Security Track

Provincial Reconstruction Teams (PRTs)

These projects are intended to strengthen the ability of provincial governments to deliver essential services to their communities. These small-scale projects are primarily implemented to support the mission of improved provincial governance. The National Coordination Team (NCT) will coordinate the disbursement of this funding and will link it with the Provincial Reconstruction Teams (PRTs). Approximately \$50 million has been provided for Baghdad, \$40 million for Basrah, \$9 million for each of the other 13 provinces plus the Kurdish region, with \$50 million for emergency surge capacity. An additional \$50 million has been provided for essential service infrastructure in Baghdad.

U.S. Government Implementing Agency: USACE/GRD

Accomplishments:

- The U.S. Department of State and U.S. Army Corps of Engineers (USACE) entered into an Interagency Agreement under which the USACE Gulf Region Division (GRD) is responsible for the execution and disbursement of these funds as well as overall project quality assurance oversight. The agreement includes the processes and procedures for submission of projects through the Iraqi-led Provincial Reconstruction Development Committees (PRDCs) as well as approval of projects through the National Embassy Team (NET). To the greatest extent possible, vendor-direct, firm-fixed priced contracts will be utilized for these projects.
- On November 7, 2006, the Office of U.S. Foreign Disaster Assistance partner, International Organization for Migration, was contacted by UNAMI to assist in the possible relief efforts for the flooding in the Kurdish areas. The affected area is in Khalifan, near Soran, and the Rosata Balakayati area of Erbil. As a response, in addition to the original \$8.92 million allocated to the KRG region, the U.S. Mission in Iraq allocated an additional \$5 million for flood relief infrastructure projects in the provinces of Erbil and Sulaymaniyah due to the recent flash flooding in these two provinces.
- To date, the NET has approved for funding \$21.5 million in projects in Baghdad Province. An additional \$12.2 million in funding requests has been received from the Anbar PRDC. The Anbar project submissions include requests for funding of two hospitals and six electrical projects.

- The PRDCs in the various provinces continue to forward lists of desired and prioritized projects to the field operations team in Baghdad for initial review and clarification of qualification.
- On October 29, 2006 the permissible use of the ESF was expanded beyond “bricks and mortar” infrastructure projects to include “soft projects,” such as assistance to develop provincial government capacity, direct and indirect training and mentoring. Like infrastructure projects, “soft” projects must be nominated by the PRDC, approved by the Provincial Counsel and submitted to the NET for funding approval. All other ESF funding rules apply.

Local Governance Project

The Local Governance Project (\$155 million) will actively support and compliment PRT initiatives by: enhancing advocacy efforts of provincial and local governments on policy reform through passage of legislation such as a Local Government Code; assisting to clarify and define functions and responsibilities that can be devolved from the national to local government levels; and strengthening the capabilities of the provinces and local governments to deliver services and foster economic development.

U.S. Government Implementing Agency: USAID

Accomplishments:

- USAID has initiated a procurement action for obligating \$68 million of ESF under the existing Local Governance Program contract with Research Triangle Institute (RTI).
- USAID is considering options to obligate the remaining \$87 million ESF for this project.

Community Stabilization Program (CSP) in Strategic Cities

The \$135 million Community Stabilization Project focuses on reducing the incentives for Iraqis to participate in violent conflict. The CSP will develop and implement programs to provide for the social and economic stabilization of up to ten strategic cities that have been impacted by significant insurgent activities. Neighborhoods and districts in cities are selected, in consultation with the MNF-I, due to high levels of insurgency activities and significant populations of unemployed and disenfranchised residents. These funds will support activity in the aftermath of battle and will also provide palliative or preventive programs to areas deemed vulnerable to insurgent activity. The CSP funds will be used as follows: \$95 million for a job corps employment generation activity, skills development and vocational education; \$20 million for specialized youth programs; \$20 million for micro, small and medium enterprise support linked to vocational training and the job corps.

U.S. Government Implementing Agency: USAID

Accomplishments:

- USAID has obligated all \$135 million of ESF allocated for CSP. The program is in the initial phase of arranging for assessments of the additional cities to which it will expand. CSP has initiated security assessment and planning activities in Kirkuk, undertaken preliminary discussions and planning in Mosul/Telafar and established contact in Falluja and Basrah.

Infrastructure Security Protection for Oil, Water and Electricity

Infrastructure Security projects (\$277 million) will focus on the oil sector (security barrier construction, hardening of oil infrastructure sites, implementing controlled access to facilities, maintaining standoff distances and exclusion zones, etc); on the electricity sector (security barriers, observation facilities, hardening of selected structures, controlled access, training static security guards, etc.); and on the water sector (hardening of key water treatment plants and pumping stations).

U.S. Government Implementing Agency: USACE/GRD**Accomplishments:**

- The U.S. Department of State and U.S. Army Corps of Engineers (USACE) entered into an Interagency Agreement under which the USACE Gulf Region Division (GRD) is responsible for the execution and disbursement of these funds as well as overall project quality assurance oversight. The agreement includes project lists for each of the three sectors.
- Made definite the preliminary list of projects to ensure viable, effective projects will be implemented. The present list consists of 39 projects for a total of \$247 million.
- Identified 28 projects worth \$29 million for which the GRD districts will do the design, solicitation, award and quality assurance. These projects are typically for facilities hardening, improved lighting, communications and FOB improvements for use by the Iraqi Army to protect critical infrastructure. The remaining eleven projects, which are worth \$238 million, will be managed by GRD. The main projects are exclusion zones for the oil pipelines for \$100 million, oil storage tanks for \$95 million and oil valves for \$7 million.
- Plan to award approximately ten projects worth \$21.2 million by the end of January 2007; 21 projects worth \$7.8 million by the middle of March 2007; and eight larger, more complex projects worth \$218 million by the middle of May 2007.

Community Action Program

The Community Action Program (CAP) (\$45 million) will build upon previous community development efforts and further strengthen the links between communities and their governments. CAP will facilitate formal community coordination with local and provincial governments; promote transparency and accountability at all levels; and encourage local ownership of public goods.

U.S. Government Implementing Agency: USAID

Accomplishments:

- USAID has obligated \$45 million of the ESF allocated for CAP. USAID signed a Cooperative Agreement with CHF International in support of this activity.
- CAP began its program activities which have focused on setting up the new program structure and developing the program work plan and the monitoring and evaluation plan. A new director's office has been set up in Amman to house the financial component of the program, while the program activities will be managed by CHF's Baghdad office and its sub-grantees including Mercy Corps, ACDI/VOCA, IRD and Counter Part International. In addition, CAP is developing a computer-based Program Monitoring Plan (PMP), which is a database that will unify the data collected among all five CAP alliance partners. Training on the PMP for the CAP partners has already begun.

Objective 2: Economic Track

Infrastructure Capacity Development Training and Technical-Level Management

Infrastructure Capacity Development and Technical-Level Management (\$60 million) focuses on strengthening essential service ministries through Operation and Maintenance (O&M) training programs for plant and technician-level operators at major electricity power plants, water and wastewater plants and select health, transportation and communication facilities. Training includes preventive maintenance planning and scheduling, inventory control systems, spare parts forecasts and procurement, apprenticeship and certification programs with existing Iraqi technical institutes, and, in the power sector, planning for annual maintenance outages.

U.S. Government Implementing Agency: USACE/GRD

Accomplishments:

- The U.S. Department of State and U.S. Army Corps of Engineers (USACE) entered into an Interagency Agreement under which the USACE Gulf Region Division (GRD) is responsible for the execution and disbursement of these funds as well as overall project quality assurance oversight. The agreement includes project and

training lists for the areas of Electricity, Health Care, Transportation, Communications and Water and Sanitation. To the greatest extent possible, vendor-direct, firm-fixed priced contracts will be utilized for these projects.

O&M Sustainment of Key USG Funded Infrastructure

O&M Sustainment (\$285 million) will assist Iraqis to sustain U.S. investments in essential service infrastructure by providing in-plant services (e.g., combustion inspections and hot gas path inspections), consumables (chemicals and spare parts, e.g., alum, chlorine, etc.) and spare parts at major electricity power plants, water and wastewater plants and select health, transportation and communication facilities.

U.S. Government Implementing Agency: USACE/GRD

Accomplishments:

- The U.S. Department of State and U.S. Army Corps of Engineers (USACE) entered into an Interagency Agreement under which the USACE Gulf Region Division (GRD) is responsible for the execution and disbursement of these funds as well as overall project quality assurance oversight. The agreement includes project lists for the areas of Electricity, Health Care, Transportation, Communications and Water and Sanitation. To the greatest extent possible, vendor-direct, firm-fixed priced contracts will be utilized for these projects.
- The Iraq Reconstruction Management Office (IRMO) obtained written commitments from each affected Iraqi Ministry to include O&M sustainment costs in their 2007 budget to partially match the O&M sustainment funds provided by the U.S. Government in the FY06 Supplemental and FY07 budgets. These Iraqi Ministries are Electricity, Health, Transportation, Communications, Water Resources and Municipalities and Public Works, as well as the Baghdad Amanat.
- Awarded four contracts totaling \$62.9 million for O&M sustainment of U.S.-funded electric facilities.

Objective 3: Political Track

Ministerial Capacity Development

The Ministerial Capacity Development Program (\$105 million) assists the Government of Iraq (GOI) to strengthen the core functions necessary for the efficient administration of its key national ministries including: Finance; Electricity; Oil; Municipalities and Public Works; Water Resources; Transport; Planning; Justice; Judiciary; Agriculture; Basic and Higher Education; and Health, the Inspectors General of these ministries and anti-corruption organizations like the Commission on Public Integrity and the Board of Supreme Audit. There are two components: (1) specific, immediate support to key Ministries through the Ministerial Coordination Team and the Ministry Advisory Teams (\$45 million) and (2) a

longer term to focus on developing uniform approaches to key public administration functions (procurement, personnel, etc.) and building the capacity of the GOI to manage training programs in these areas to sustain this effort (\$60 million).

U.S. Government Implementing Agencies: DOS/IRMO; USAID

Accomplishments:

DOS/IRMO:

IRMO, through the Ministerial Coordination Team (MCT), has obligated \$2 million and is in the process of obligating the remaining \$43 million in Ministerial Capacity Development initiatives:

- \$11.9 million – Programs to strengthen leadership capacity of the Prime Minister’s Office and the Council of Ministers’ Secretariat.
- \$19.5 million – Programs to assist with budget execution and procurement and the private sector.
- \$13.6 million – Programs to strengthen service delivery of key ministries.

USAID:

- USAID has obligated \$60 million of ESF funds allocated for Ministerial Capacity Development.

Ministry of Finance and Central Bank of Iraq

Assistance to the Ministry of Finance (MoF) and Central Bank of Iraq (CBI) (\$20 million) will be in the areas of banking supervision and problem bank resolution; evaluation and enforcement of the reserve requirement; management and sale of Iraqi treasury bills; management of external debt, data collection and statistical analysis; and information technology management. More specifically, this program will assist the MoF in developing an integrated annual budget using the IMF classification system and international standards for planning and reporting. Budget planning activities will assist the MoF in preparing the Iraqi budget to meet the conditions of GOI’s Stand-By Arrangement with the IMF. Also, the project will complete the rollout of the Financial Management Information System (FMIS), which will enable the GOI to have real time reporting and management of cash expenditures across spending agencies and improve control and management of cash resources, accounting processes and budget execution in accordance with the Financial Management Law and international standards and increased transparency in budget preparation and execution. Such efforts will be coordinated with the Treasury Attaché and the Department of the Treasury’s Office of Technical Assistance.

U.S. Government Implementing Agency: USAID

Accomplishments:

- USAID obligated \$20 million of ESF allocated for Support to the Ministry of Finance (MoF) and Central Bank of Iraq (CBI) to its existing contract with BearingPoint, Inc.

Democracy and Civil Society

This funding (\$56 million from the FY 2006 budget and \$50 million from the FY 2006 Emergency Supplemental Appropriation) supports critical democracy building programs as Iraqis transition to their first permanent, democratically elected government in history. ESF funding will support Council of Representatives efforts through the legislative and constitutional process to address a number of important governance issues. Funds also support women and minority participation in the political process and civil society efforts.

U.S. Government Implementing Agencies: USAID; Department of State/DRL

Accomplishments:

USAID:

- Civil Society and Independent Media - USAID obligated \$8 million of ESF to its existing contract with ADF.
- IFES Election Support – USAID obligated \$10 million of ESF to its existing Agreement with IFES.

DRL:

- Obligated \$56 million provided by the FY 2006 budget to the National Democratic Institute (NDI) and International Republican Institute (IRI).
- Obligated \$30 million provided by the FY 2006 Emergency Supplemental to the NDI (\$10 million), IRI (\$10 million), the National Endowment for Democracy (\$5 million), International Research and Exchanges Board (\$3 million) and the United States Institute of Peace (\$2 million).

Regime Crimes Liaison Office

Regime Crimes Liaison Office (RCLO) programs (\$33 million) assist the Iraqi High Tribunal (IHT) in coordinating assistance to the IHT by foreign governments, law enforcement agencies, international and non-governmental organizations and other United States Government agencies in Iraq. RCLO also serves as the lead Coalition office supporting the IHT measures to ensure the security and safety of witnesses and victims of crimes under investigation by the IHT.

U.S. Government Implementing Agency: Department of Justice (DOJ)

Accomplishments:

- The U.S. Department of State and U.S. Department of Justice (DOJ) entered into an Interagency Agreement under which the DOJ's Regime Crimes Liaison's Office (RCLO) in Baghdad is responsible for execution of these funds. The agreement allocates the funds for IHT support, including projects involving Mass Graves Exhumation, Forensics Analysis Facility (FAF) Demobilization, Courthouse Support, Judicial Process Integrity, Judicial Training and Capacity Building and Media/Outreach. To the greatest extent possible, vendor-direct, firm-fixed priced contracts will be utilized for these projects.
- RCLO has obligated \$3,309,382 of ESF funds allocated to this program.
 - \$2.5 million was provided to the USACE for support of the following efforts: Trials, Repatriation of Remains, Mission Closeout and the Demobilization of the Forensic Analysis Facility.
 - 3 contracts (\$424,395) were awarded for Courthouse and Witness Security.
 - 1 contract (\$75,988) was awarded for Judicial Training.
 - 3 contracts (\$309,000) were awarded for Training and Capacity Building.